

Answer the following question.

1. Describe how the poverty line is estimated in India?

Ans- In India, the poverty line is estimated by multiplying the prices of physical quantities like food, clothing, footwear, fuel, light, education, etc. in rupees. The numbers involved in determining the poverty line vary in different years. Also, the poverty line for rural areas is different from that of the urban areas because the work, lifestyle and expenses are different for rural and urban areas.

2. Do you think that present methodology of poverty estimation is correct?

Ans- No, the present methodology of poverty estimation is not appropriate because it takes into account only the basic needs of food, clothing, fuel, etc. But the quality of these basic necessities is the lowest quality available. The amount which is fixed as the poverty line

does not include the margin for the constant price fluctuations. The poverty line should also include some correction for inflation and market fluctuations.